

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Preliminary FY 2001 General Fund Operating Budget - University of Northern Iowa
Date: June 5, 2000

Recommended Action:

Consider the preliminary FY 2001 general fund operating budget for the University of Northern Iowa in the amount of \$130,610,085.

Executive Summary:

In accordance with the Board's strategic plan, the University of Northern Iowa is presenting its preliminary FY 2001 general operating fund budget. In July, UNI will present its final FY 2001 general fund operating and restricted fund budgets to the Board for approval.

The University's FY 2001 general fund budget, which includes four different appropriation units, totals \$130.6 million. FY 2001 state appropriations for UNI total \$91.8 million, which include (1) an increase of \$68,211 to its base (FY 2000 original) operating appropriations, (2) \$2.4 million in appropriations for salary increases (which is \$1.2 million less than full funding to implement the state salary policy of 4%, excluding health insurance), and (3) \$0.4 million for workers' compensation to reflect a change in state funding policy and distribution methodology, but does not represent new funding for the University.

When the legislature combined the General University and the Masters in Social Work appropriations, language was added in the education appropriations bill that allows the University to expend an additional \$150,000 for its Masters in Social Work program, for a total of \$450,000. Additional intent language includes up to \$100,000 for the roadside vegetation project and up to \$200,000 for the Iowa Office for Staff Development. The appropriation did not include incremental funding specifically for these spending authorizations, but gives the University flexibility in managing its base appropriations. The University, though, is committed to spending the dollars for the identified areas.

The University proposes to use all new tuition revenues generated by the 4.3% rate increase to cover the salary funding shortfall and other non-discretionary operating cost increases. Of the \$4.9 million planned reallocations (3.9% of FY 2000 revised General University budget), the University proposes to use \$1.9 million of the reallocations to address the budget shortfall and \$3.0 million for programmatic reallocations.

The preliminary budget has been allocated by its strategic planning goals of generating an intellectually demanding and stimulating environment (\$87.7 million), promoting a sense of community (\$6.5 million), managing resources effectively (\$34.0 million), and improving external relations (\$2.4 million).

Background:

In May, the University of Northern Iowa presented a conceptual budget for FY 2001 to the Board. This preliminary budget is consistent with what was presented at that time. The University plans to fund salary increases in line with state salary policy at an average of approximately 4% and proposes to use all new tuition revenue and some reallocations to address salary and operating budget shortfalls.

Development of the UNI preliminary budget is based on the Board's and the institution's strategic plans, the Board's FY 2001 appropriation request to the Governor and General Assembly, and actions of the General Assembly and the Governor. The Board's budget process for the institutions incorporates strategic planning, reallocations, and state appropriations.

Analysis:

Operating Budget

The preliminary FY 2001 general fund operating budget for the University of Northern Iowa is \$130,612,081, a \$5,243,918 (4.2%) increase over the revised FY 2000 budget after mandated deappropriations and budget ceiling adjustments. The FY 2001 direct state operating appropriations for UNI total \$91.8 million, a \$3.3 million (3.8%) increase over the revised FY 2000 state appropriation after the mandated deappropriations of \$446,351.

The summary sheet on the last page of this docket memorandum details the budget by strategic planning goal, revenue source, and allocation of new revenues and reallocations.

Reallocations

The FY 2001 budget reflects internal reallocations totaling \$4.9 million, which recognize both permanent and temporary shifts in the use of general education fund resources. The UNI internal reallocations for FY 2001 represent 3.9% of the revised FY 2000 budget and are consistent with the Board's five-year program of reallocations averaging 2% per year.

For FY 2001, UNI proposes to use its reallocations entirely for maintenance of quality, to meet mandatory budget increases, rather than quality improvement.

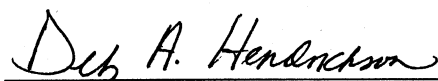
Some examples of reallocations proposed by the University of Northern Iowa for FY 2001 include the following:

- With the recent opening of the Gallagher-Bluedorn Performing Arts Center and the lack of state funding for the remaining half of the operating costs to open the new building, the University proposes to reallocate funds to meet those needs. In addition, the University proposes to reallocate funds for programming and marketing staff.
- Academic Affairs proposes to reallocate funds to provide new positions for essential areas including Communication Studies, Art Department, Social and Behavioral Sciences programs and several new information technology positions. Additional proposed reallocations would provide more academic advising for the College of Business Administration, increased scholarship support for the Masters in Social Work, and increased student aid for undergraduates in the College of Humanities and Fine Arts and the College of Natural Sciences.
- Reallocations are being proposed to backfill positions during the implementation of the new Modern Executive Management and Financial Information Systems (MEMFIS).
- Campus-wide, internal reallocations are being proposed to fund inflation for supplies and services, library materials, and equipment.
- Reallocations of student wages as necessary, are proposed to protect as many permanent positions and critical overtime budgets that are essential for operating the campus environment services (i.e. electric and steam support, facility HVAC, information technology, etc.).
- Additional reallocations from the Building Repair fund may be necessary to meet cost increases for coal, gas, and oil, as well as state and federally mandated changes to power plant environmental control costs.
- Intercollegiate Athletics proposed to use reallocations to add a women's soccer sport program to address gender equity goals.

Tuition and Fees

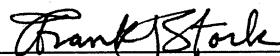
This is the fourth year that UNI has engaged in a campus-wide budget process for allocation of new revenue. The results from experience in past years were better planning and participation in the requests throughout campus. However, the FY 2001 planning process was interrupted by state deappropriations for FY 2000 and uncertain state funding for FY 2001.

General fund revenue from tuition and fees is estimated to increase by \$1.9 million (5.5%) from the revised FY 2000 budget. The tuition and fees estimate is based on Board approved tuition rate increases. UNI proposes that all new tuition dollars be expended on mandatory and unavoidable costs increases, including unfunded salary and benefit costs.



Deb A. Hendrickson

Approved: _____



Frank J. Stork

University of Northern Iowa

FY 2001 General Fund Budget Summary

STRATEGIC PLANNING GOAL				MANDATORY COST INCREASES	
Goal #1	Intellectual Vitality		\$87,660,619	Compensation	\$4,800,715
Goal #2	Community		6,488,103	Opening GBPAC	251,500
Goal #3	Resources		34,070,329	Masters in Social Work	150,000
Goal #4	External Relations		<u>2,393,030</u>	Teacher Certification	200,000
TOTAL BUDGET			\$130,612,081	Roadside Vegetation Center	100,000
				Utility Cost Increases	215,000
				MEMFIS Project backfill	170,000
				Student Aid Set-Aside	797,000
				Inflation - General	259,400
				Inflation - Library Materials	<u>99,700</u>
				TOTAL	\$7,043,315
SOURCE OF REVENUE				STRATEGIC PLANNING INITIATIVES INCREASES (Including Mandatory Cost Increases)	
	Original FY 2000	Revised FY 2000	Preliminary FY 2001	Goal #1: Intellectual Vitality	
State Appropriation	\$88,943,577	\$88,497,226	\$91,829,144	Information Technology Support	\$80,000
Tuition & Fees	33,045,937	34,312,937	36,207,937	Increase Undergraduate Research	45,500
Reimb. Indirect	900,000	1,350,000	1,350,000	Graduate College Support	60,100
Interest	300,000	583,000	600,000	Create Art Dept Slide Curator Position	43,500
Sales & Service	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	New Brdcst Engineer in Comm. Studies	54,000
TOTAL	\$123,814,514	\$125,368,163	\$130,612,081	Academic Equipment	450,000
				Improving Undergrad Education	140,000
				North American Review	25,000
				Center for Teacher Enhancement	78,300
				Library Support	72,600
				Realloc Faculty to High Demand Areas	535,000
				Other Miscellaneous Reallocations	<u>190,103</u>
				Subtotal	\$1,774,103
				Goal #2: Community	
				Student Activities Allocation	\$100,000
				Academic Advising	53,500
				Student Financial Aid	35,700
				Financial Aid Computer Tech	43,800
				Minority Recruitment	31,500
				Maucker Union Programming	<u>42,900</u>
				Subtotal	\$307,400
				Goal #3: Resources	
				Info Tech Svcs PC Support & Trainers	\$195,000
				Info Tech Svcs Systems Administrator	62,500
				Mechanical Engineer for Physical Plant	83,000
				Staff & Career Development	75,000
				Physical Plant Reorganization	<u>345,000</u>
				Subtotal	\$760,500
				Goal #4: External Relations	
				Exec Dir for Business & Comm Services	\$66,000
				Women's Soccer (Gender Equity)	134,200
				Marketing	38,000
				Stewardship Coordinator	<u>33,600</u>
				Subtotal	\$271,800
				TOTAL	\$3,113,803
NEW REVENUES AND REALLOCATIONS					
New Revenue					
State Appropriations:					
Incremental Increase		\$68,211			
Economic Development		(38,074)			
Restore FY 2000 Base		446,351			
Workers' Compensation		430,579			
Salary & Benefits Increases		<u>2,424,851</u>			
Subtotal Appropriations		\$3,331,918			
Tuition and Fees		1,895,000			
Other Income		<u>17,000</u>			
Total New Revenue		5,243,918			
Reallocations					
Reallocations		<u>4,913,200</u>			
TOTAL		\$10,157,118			
ALLOCATION OF NEW REVENUES AND REALLOCATIONS					
Mandatory Cost Increases			\$7,043,315		
Strategic Planning Initiatives Increases (net)			<u>3,113,803</u>		
TOTAL			\$10,157,118		